

Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 EA-09 NEA-10 ISO-00 CIAE-00 COME-00

DODE-00 DOTE-00 FMC-02 INR-07 NSAE-00 CG-00 OFA-01

DLOS-04 L-03 TRSE-00 FEAE-00 LAB-04 SIL-01 OMB-01

STR-04 /066 W

----- 017259

R 261007Z FEB 76

FM AMEMBASSY KUWAIT

TO SECSTATE WASHDC 4786

INFO AMEMBASSY ABU DHABI

AMEMBASSY ALGIERS

AMEMBASSY BRUSSELS

AMEMBASSY CAIRO

AMEMBASSY DAMASCUS

AMCONSUL DHAHRAN

AMEMBASSY DOHA

AMCONSUL HONG KONG

AMEMBASSY JIDDA

AMEMBASSY KUALA LUMPUR

AMEMBASSY LONDON

AMEMBASSY MANAMA

AMEMBASSY MANILA

AMEMBASSY MUSCAT

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AMEMBASSY SINGAPORE

AMEMBASSY STOCKHOLM

AMEMBASSY TOKYO

AMEMBASSY TRIPOLI

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DEPARTMENT PASS MARAD

BRUSSELS AND LONDON FOR MARAD

E.O. 11652: N/A

TAGS: EWWT, KU, XX

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SUBJ: CONFERENCE ON ARAB SHIPPING AND TRADE (C-ER-6-59696)

REF: STATE 34206 (NOTAL)

1. SUMMARY: CONFERENCE ON ARAB SHIPPING AND TRADE ATTRACTED OVER 300 REPS FROM INTERNATIONAL SHIPPING FIRMS, SHIPYARDS, BANKS, INSURANCE COMPANIES AND CONSULTING FIRMS IN BRITAIN, SCANDINAVIA, GERMANY, HONG KONG, HAPAN, INDIA, AND ARAB STATES. SPEAKERS LIST INCLUDED PROMINENT OFFICIALS IN VARIOUS ARAB SHIPPING COMPANIES (KSC, AMPTC, KOTC, ASRY) AS WELL AS SECRETARY GENERAL OF OAPEC. THEME OF CONFERENCE WAS GROWING IMPORTANCE OF ARAB ACTIVITIES IN SHIPPING INDUSTRY, AND RESPONSE OF WESTERN (AND ASIAN) COMPANIES TO THOSE ACTIVITIES. END SUMMARY.

2. SUBJECT CONFERENCE, HELD IN KUWAIT ON FEBRUARY 17 AND 18, 1976, WAS SPONSORED BY THE FINANCIAL TIMES, FAIRPLAY INTERNATIONAL SHIPPING WEEKLY, AND THE KUWAIT CHAMBER OF COMMERCE AND INDUSTRY. CONFERENCE ATTRACTED OVER 300 REPRESENTATIVES OF ARAB AND INTERNATIONAL SHIPPING LINES AND SHIPYARDS, PLUS SOME MARINE CONSULTING FIRMS, BANKS AND INSURANCE COMPANIES. PARTICIPATION WAS INTERNATIONAL: BRITISH AND SCANDINAVIAN REPS SEEMED TO PREDOMINATE, BUT THERE WERE ATTENDEES FROM THE U.S., GERMANY, INDIA, HONG KONG AND JAPAN AS WELL. CONFERENCE ALSO WELL ATTENDED BY REPS OF LOCAL SHIPPING LINES (KUWAIT SHIPPING (KSC), KUWAIT OIL TANKERS (KOTC), ARAB MARITIME PETROLEUM TRANSPORT (AMPTC)), AS WELL AS REPS FROM INDUSTRIAL BANK OF KUWAIT, PETROCHEMICAL INDUSTRIES, KUWAIT NATIONAL PETROLEUM COMPANY, AND OTHER LOCAL CONCERNS.

3. AMONG THE SPEAKERS WHO ADDRESSED THE CONFERENCE WERE: ABDUL AZIZ AL SAGAR, PRESIDENT OF THE KUWAIT CHAMBER AND CHAIRMAN OF KOTC (WHO GAVE THE OPENING SPEECH); DR. ALI AHMED ATTIGA, SECRETARY GENERAL OF THE ORGANIZATION OF ARAB PETROLEUM EXPORTING COUNTRIES (OAPEC); MAJED AL JISHI, BAHRAINI MINISTER OF WORKS POWER AND WATER (AND CHAIRMAN, ARAB SHIPBUILDING AND REPAIR YARD (ASRY), (AN UNCLASSIFIED

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OAPEC "SPIN-OFF" COMPANY); ABDUL-RAHMAN AHMED AL-SULTAN, VICE-CHAIRMAN AND GENERAL MANAGER OF THE ARAB MARITIME PETROLEUM TRANSPORT COMPANY (ANOTHER OAPEC-AFFILIATED CONCERN, BASED IN KUWAIT); BLAS OPLE, SECRETARY OF LABOR, THE PHILIPPINES; AND DATUK AMAR HAJI ABDUL TAIB BIN MAHMUD, MINISTER OF GENERAL PLANNING AND SOCIO-ECONOMIC RESEARCH AND MINISTER OF INFORMATION AND SPECIAL FUNCTIONS, MALAYSIA. OTHER SPEAKERS

REPRESENTED VARIOUS HONG KONG, BRITISH, SCANDINAVIAN, AND U.S. SHIPPING FIRMS, BANKS AND INSURANCE COMPANIES.

4. TOPICS OF THE CONFERENCE INCLUDED THE FOLLOWING: ARAB INTENTIONS AND PLANS IN VARIOUS SEGMENTS OF OCEAN SHIPPING: TANKERS, DRY CARRZ, SHIPBUILDING AND MAINTENANCE, ETC; FOREIGN TECHNICAL ADVICE AND ASSISTANCE THAT COULD HELP ARAB SHIPPING; TECHNICAL AND FINANCIAL ASPECTS (SHIP MANAGEMENT; CONSTRUCTION, DESIGN EQUIPMENT, FINANCIAL REQUIREMENTS, INSURANCE, AND TAXATION) OF INTERNATIONAL SHIPPING; AND THE POSSIBILITIES OF COOPERATION IN THE AREAS OF TRADE AND MANPOWER BETWEEN THE ARAB STATES AND SOUTHEAST ASIA.

5. PERSISTENT THEME OF CONFERENCE WAS THE EMERGENCE OF A NEW ARAB SHIPPING INDUSTRY AND THE RESPONSE OF WESTERN AND ASIAN SHIPPING LINES TO THIS NEW DEVELOPMENT. ARAB SPEAKERS MADE CLEAR THAT THE ARAB STATES' ENTRANCE INTO "DOWNSTREAM" PETROLEUM OPERATIONS OF VARIOUS TYPES DEFINITELY INCLUDED ESTABLISHMENT, THROUGH NATIONALLY-OWNED OR AIDED COMPANIES, OF AN ARAB SHIPPING INDUSTRY. THIS INDUSTRY WOULD BE FULLY INTEGRATED WITH OPERATIONS IN OIL AND DRY CARGO TRANSPORT, SHIP MAINTENANCE, INSURANCE, AND OTHER TECHNICAL MATTERS. OVER THE LONGER TERM, THIS INDUSTRY WOULD BE MANNED BY ARAB CREWS AND FULLY OPERATED BY ARAB COMPANIES. SPEAKERS EMPHASIZED THAT THE ARAB STATES WOULD COOPERATE TO ACHIEVE THESE GOALS, AND CITED ALREADY EXISTING MECHANISMS AND EXAMPLES: THE OAPEC-AFFILIATED AMPTC AND ASRY IN THE FIELD OF OIL TANKERS, THE UNITED ARAB SHIPPING COMPANY (A NEWLY-FORMED JOINT VENTURE AMONG THE SHIPPING LINES OF SIX ARAB GULF STATES WITH KUWAIT SHIPPING COMPANY IN THE PRIMARY ROLE) IN THE FIELD OF DRY CARGO CARRIERS, AND

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THE AMPTC AGAIN WITH RESPECT TO TECHNICAL AND MANPOWER COOPERATION. ONE SPEAKER, FINALLY, EMPHASIZED THE "INEVITABILITY" OF PREFERENCE LEGISLATION FOR OIL CARGOES, ON ARAB FLAG VESSELS.

6. RESPONSE OF WESTERN AND ASIAN SPEAKERS MIXED. SOME SHIPOWNERS (C.H. TUNG, MANAGING DIRECTOR, ISLAND NAVIGATION CORP.; SVEN SALEN, SALEN SHIPPING CO.) SPECIFICALLY RECOMMENDED THAT THE ARABS AVOID ESTABLISHING SHIPPING PREFERENCES FOR THEIR SHIPS, CITING THE BENEFITS

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DLOS-04 L-03 TRSE-00 FEAE-00 LAB-04 SIL-01 OMB-01

STR-04 /066 W

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R 261007Z FEB 76

FM AMEMBASSY KUWAIT

TO SECSTATE WASHDC 4787

INFO AMEMBASSY ABU DHABI

AMEMBASSY ALGIERS

AMEMBASSY BRUSSELS

AMEMBASSY CAIRO

AMEMBASSY DAMASCUS

AMCONSUL DHAHRAN

AMEMBASSY DOHA

AMCONSUL HONG KONG

AMEMBASSY JIDDA

AMEMBASSY KUALA LUMPUR

AMEMBASSY LONDON

AMEMBASSY MANAMA

AMEMBASSY MANILA

AMEMBASSY MUSCAT

AMEMBASSY OSLO

AMEMBASSY SINGAPORE

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THAT INDEPENDENT SHIPPERS PROVIDE IN THE WAY OF A
"CUSHION" TO EVEN OUT FLUCTUATIONS IN DEMAND (ALTHOUGH
TUNG RUEFULLY ADMITTED THAT THE CUSHION HAS RECENTLY RUN
OUT OF AIR). ONE ATTENDEE WENT SO FAR AS TO REMARK TO
EMBOFF THAT FORMATION OF JOINT GULF DRY CARGO LINE WAS
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"OMINOUS". OTHERS, HOWEVER, STRESSED THE POSITIVE AND NOTED THE OPPORTUNITIES FOR COOPERATION BETWEEN ARAB, WESTERN AND ASIAN NATIONS IN THE WAY OF SHIPPING SERVICES AND EXPERTISE, TRADE OPPORTUNITIES AND MANPOWER. ARAB SPEAKERS THEMSELVES COUPLED THEIR EXPRESSIONS OF DETERMINATION WITH EQUALLY STRONG APPEALS FOR UNDERSTANDING AND COOPERATION FROM OTHER NATIONS, NOTING PARTICULARLY THE ARAB'S NEED FOR TECHNICAL AND FINANCIAL EXPERTISE AND CITING THE RESPONSIBLE MANNER IN WHICH ARAB SHIPPING COMPANIES HAD BEHAVED IN THE PAST (ONE EXAMPLE OF THE LATTER WAS AMPTC'S DECISION TO PURCHASE TWO TANKERS ALREADY ORDERED BUT CANCELLED, INSTEAD OF TWO NEW SHIPS, THUS REDUCING THE TANKER SURPLUS).

7. IMPORTANT SUB-THEME OF CONFERENCE WAS PLACE OF SOUTH-EAST ASIA IN ARAB SHIPPING. ONE OF THE SPEAKERS AND ONE OF THE MODERATORS OF THE CONFERENCE WERE FROM HONG KONG-BASED SHIPPING FIRMS. GOVERNMENT MINISTERS FROM MALAYSIA AND THE PHILIPPINES SPOKE ON POSSIBILITIES FOR ARAB-SOUTHEAST ASIAN COOPERATION, THE FORMER IN THE FIELDS OF TRADE, TOURISM AND INVESTMENT, AND THE LATTER IN THE FIELD OF MANPOWER. IN PARTICULAR, THE LATTER (BLAS OPLE, SECRETARY OF LABOR, PHILIPPINES) PROPOSED THAT A CONFERENCE BE ORGANIZED BETWEEN LABOR-IMPORTING AND LABOR-EXPORTING NATIONS (I.E., ARAB STATES AND ASIAN STATES SUCH AS KOREA, TAIWAN AND THE PHILIPPINES) TO DISCUSS POSSIBILITIES FOR ORGANIZED LABOR EXCHANGE AND MUTUAL ASSISTANCE IN FIELD.

8. COMMENT: CONFERENCE INDICATED ARAB, AND PARTICULARLY GULF STATES, INTENTION TO BECOME A MAJOR SHIPPING POWER OVER THE NEXT FEW YEARS. OBSERVERS AT CONFERENCE DETECTED NOTE OF AWE AT ARAB AMBITIOUS PLANS, AND SOME TREPIDATION AS TO THE AFFECT SUCH EXPANSION WOULD HAVE ON, FOR EXAMPLE, AN ALREADY DEPRESSED TANKER MARKET. CONFERENCE THEREFORE ALSO PROVIDED A FORUM WHEREBY ARAB OFFICIALS COULD APPEAL FOR UNDERSTANDING WITHIN THE INTERNATIONAL SHIPPING INDUSTRY AND FOR COOPERATION AND ASSISTANCE FROM THAT INDUSTRY IN AIDING ARAB EXPANSION PLANS. RESPONSE OF WESTERN-ASIAN PARTICIPANTS, AS INDICATED IN SPEAKERS' COMMENTS AND QUESTIONS FROM THE FLOOR, UNCLASSIFIED

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INDICATED THAT BOTH ASPECTS OF ARAB MESSAGE GOT THROUGH. ORIGINS AND CHARACTER OF CONFERENCE, BEING INTIMATELY CONNECTED WITH PROMOTION OF BRITISH TRADE OPPORTUNITIES IN FIELDS OF TECHNICAL ASSISTANCE, MANAGERIAL AND FINANCIAL ADVICE, AND SHIPBUILDING, HELPED TO SMOOTH OVER POSSIBLE CONTROVERSY OVER POSSIBLE AFFECTS OF ARAB

ACTIVITIES, I.E., OIL CARGO PREFERENCE LEGISLATION,
ADDITION TO TANKER SURPLUS, AND DRY CARGO COMPETITION
WITH INDEPENDENT SHIPPERS.

9. ACTION REQUESTED: EMBASSY KUWAIT, PER REFTTEL, WILL
POUCH COPIES OF CONFERENCE DOCUMENTS TO ACTION ADDRESSEE.
WE ARE INFORMED BY ORGANIZERS OR CONFERENCE HERE THAT
PUBLICATION SUMMARIZING RESULTS OF CONFERENCE (WHICH WILL
INCLUDE, PRESUMABLY, COPIES OF SOME SPEECHES) WILL BE
ISSUED SOMETIME IN EARLY MARCH. EMBASSY WOULD APPRECIATE
BEING SENT ANY COPIES OF SUCH A PUBLICATION IF
PURCHASED.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: MARINE TRANSPORTATION, FOREIGN TRADE, MEETING REPORTS
Control Number: n/a
Copy: SINGLE
Draft Date: 26 FEB 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976KUWAIT00957
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760072-0707
From: KUWAIT
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760211/aaaaairh.tel
Line Count: 290
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 6
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 76 STATE 34206
Review Action: RELEASED, APPROVED
Review Authority: castelsl
Review Comment: n/a
Review Content Flags:
Review Date: 16 JUL 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <16 JUL 2004 by schwenja>; APPROVED <01 SEP 2004 by castelsl>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: CONFERENCE ON ARAB SHIPPING AND TRADE (C-ER-6-59696)
TAGS: EWWT, ETRD, XX, XF, KU, OPEC
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006